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Massachusetts Business Incentives

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Commonwealth of Massachusetts, Michael S. Dukakis, Governor-Evelyn F. Murphy, Secretary of Economic Affairs

MASSACHUSETTS DEPARTMENT OF COMMERCE

Ronald M. Ansin, Commissioner
100 Cambridge Street, Boston, MA 02202 Tel: (617) 727-3221

Regional Offices

Region I
Massachusetts Bldg.
Avenue of States
West Springfield, MA 01089
Tel: (413) 739-5600

Region II
D.E.S. Bldg.
51 Myrtle Street
Worcester, MA 01608
Tel: (617) 757-2075

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450 Aiken Street
Lowell, MA 01854
Tel: (617) 454-0303

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Saltonstall Bldg.
100 Cambridge Street
Boston, MA 02202
Tel: (617) 727-3649

Region V
P.O. Box 1140
Route 3 Exit 5
Plymouth, MA 02361
Tel: (617) 747-2908

FACT 1

Massachusetts Industrial Finance Agency (MIFA)

Q. *What is the Massachusetts Industrial Finance Agency (MIFA)?*

A. MIFA is an independent state agency designed to promote employment growth through incentives that stimulate business investment in Massachusetts. MIFA's incentives for industrial companies include industrial revenue bonds, loan guarantees, and pollution control bonds.

MIFA financing is available for commercial real estate if these projects are located in locally designated Commercial Area Revitalization Districts (CARD). CARD areas primarily encompass older downtown areas.

In its first three years of operation, MIFA helped to stimulate over a billion dollars of investment, 47,000 new, permanent jobs and 18,000 man-years of construction work. The agency assisted over half of the new industrial space constructed in Massachusetts in 1980 and 1981.

MIFA has been involved in over $1 billion worth of financing in the last three years, for over 900 projects. In 1980 alone, over half of the new industrial space constructed in Massachusetts was done by MIFA approved financing.

*See fact sheets on Revenue Bonds and Loan Guarantees.

For further information on MIFA, contact:

Robert E. Patterson, Executive Director
Massachusetts Industrial Finance Agency
125 Pearl Street
Boston, Massachusetts 02109
(617) 451-2477

FACT 2 Industrial Revenue Bonds

Q. *What is an industrial revenue bond?*

A. An industrial revenue bond is a low interest, tax-exempt bond issued through a state agency or a municipality on behalf of private enterprises. It is used to finance industrial expansion projects such as plant and equipment loans. What the bond effectively does is lower the rate of interest on a capital expenditure loan to about three-fourths of the prime lending rate (this varies from case to case). The credit of this bond is that of the company, and not of the issuing authority, the state, or the municipality.

Q. *Are revenue bonds available for commercial enterprises?*

A. Yes, but only in designated Commercial Area Revitalization Districts (CARDs). A CARD is set up by a community (with the approval of the state) in order to bring about the revitalization of central business districts, usually encompassing downtown areas. Once an area is so designated, commercial enterprises located within it become eligible for the program.

Q. *Can a revenue bond be used with the Loan Guaranty program?*

A. Yes.

Q. *Who issues the bonds?*

A. The bonds are issued either by the local Industrial Development Financing Authority (IDFA) in a particular municipality with MIFA's approval, or, in communities without IDFA's, by MIFA itself.

Q. *Is it economically feasible for small companies to use these bonds?*

A. Yes. In fact, the program is designed to help smaller manufacturing firms. Almost half of the firms who have used the bonds had sales under $5 million. MIFA's staff is ready to assist in every step of the process.

*See fact sheet #3 on Loan Guaranty Program

For further information on revenue bonds contact:

Massachusetts Industrial Finance Agency
125 Pearl Street
Boston, Massachusetts 02215
(617) 451-2477

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FACT 3

Loan Guarantees

Q. *How can loan guarantees help companies obtain mortgage funds for expansion or improvements?*

A. Commercial enterprises located in designated urban revitalization areas and industrial enterprises located anywhere in Massachusetts in need of funds to acquire, construct, alter or equip facilities or purchase pollution control equipment may obtain mortgage insurance.

Q. *Can Industrial Revenue Bonds be guaranteed?*

A. Yes. See fact sheet on revenue bond program.

Q. *Why is a loan guaranty a valuable aid to business?*

A. **1.** More favorable terms are possible:
- **a.** lower down payments
- **b.** longer maturity
- **c.** lower monthly payments

2. Makes issuance of revenue bonds possible, which means lower interest cost.

3. Makes hard-to-find financing easier.

4. Releases capital funds for operational needs.

5. Assistance offered in structuring financial proposal.

6. Makes more business opportunities feasible.

The following illustrates some situations where loan guarantees could be utilized:

1. Unusual collateral due to:
   - **a.** specialized facility
   - **b.** secondary location
2. Company with short track record
3. Established company experiencing temporary difficulties wishing to modernize.
4. Smaller firms wanting to use revenue bonds to lower cost of capital.
5. Cash-tight company that may need:
   - **a.** lower down payment
   - **b.** lower debt service

Loan guarantees previously available as Mortgage Insurance through the Massachusetts Industrial Mortgage Insurance Agency, (MIMIA) is now available through the Massachusetts Industrial Finance Agency, (MIFA).

For further information on Loan Guarantees, contact:

Massachusetts Industrial Finance Agency
125 Pearl Street
Boston, Massachusetts 02110
(617) 451-2477

FACT 4

Massachusetts Foundation

Q. *What is the purpose of the Massachusetts Foundation?*

A. The purpose of the Massachusetts Foundation is to provide permanent mortgage money to developers and industrial concerns building new facilities within Massachusetts.

Q. *What is the Foundation?*

A. The Foundation is an organization of pension funds used for financing new union construction in Massachusetts.

Q. *Who is eligible to use the funds?*

A. Real Estate projects over $1 million.

Q. *Is the fund interested in tax-exempt securities?*

A. No. However, rates tend to be lower than current market rates and include an equity position to lower cash flow requirements.

For further information, contact:

Richard Kronish
Professor of Labor Studies
University of Massachusetts
Boston, Massachusetts 02127
(617) 287-1900 X2800

FACT 5

Massachusetts Technology Development Corporation (MTDC)

Q. *What is the Massachusetts Technology Development Corporation?*

A. The Massachusetts Technology Development Corporation (MTDC) is a publicly-funded but independently operated venture capital organization.

Q. *What is the purpose of MTDC?*

A. The purpose of MTDC is to provide capital to new and expanding high technology companies which have the capacity to generate significant employment growth in Massachusetts as well as other public benefits.

Q. *What type of investments does MTDC make?*

A. MTDC makes both debt and equity investments, usually in the from of a direct purchase of common or preferred stock accompanied by a loan on very favorable terms. All MTDC investments are made as part of a joint venture with conventional private sector investors. MTDC provides "investment packaging" assistance by helping companies to locate compatible private sector investors for such joint ventures.

Q. *How much capital will MTDC invest in a company?*

A. MTDC will invest a minimum of $100,000 and a maximum of $250,000 in a first-round institutional financing. Generally, the private sector investors who are MTDC's partners will invest two to four times the amount of capital which MTDC provides.

Q. *How does a business apply for financing from MTDC?*

A. Simply by submitting a business plan with a brief cover letter indicating how much capital the company would like MTDC to invest.

For further information on the Massachusetts Technology Development Corporation, contact Edward J. Russell, Public Information Officer:

MTDC
84 State Street
Suite 500
Boston, Massachusetts 02109
(617) 723-4920

FACT 6

Massachusetts Capital Resource Company (MCRC)

Q. *What does the Massachusetts Capital Resource Company do?*

A. The Massachusetts Capital Resource Company (MCRC), privately funded by domestic life insurance companies, will invest $100 million in Massachusetts companies over the next five years. Loans with maturities of not less than five years are available up to $5 million maximum in any one situation. Interest rates vary and are determined by MCRC.

Q. *What companies qualify for MCRC loans?*

A. Qualified firms may not have a Moody's bond rating of Baa or above. They must not be real estate developers, financial intermediaries, retailers, contractors, public utilities, or refuse and waste facilities. These companies also must have been unable to secure financing on similar terms from traditional lending institutions.

Q. *Can companies able to pay a loan in less than five years borrow more than the maximum?*

A. No.

Q. *Are these loans secured or unsecured?*

A. The loans are usually unsecured.

For futher information on MCRC, contact:

Massachusetts Capital Resource Company
545 Boylston Street
Boston, Massachusetts 02116
(617) 536-3900

FACT 7

Massachusetts Business Development Corporation (MBDC)

Q. *What does Massachusetts Business Development Corporation do?*

A. The Massachusetts Business Development Corporation (MBDC) provides loans for businesses who cannot obtain all of their financial requirements from conventional sources.

Q. *Who is eligible for MBDC financing?*

A. Many small or medium-sized business enterprises.

Q. *What types of loans does MBDC make?*

A. There are six types:

1. Working capital—secured by fixed assets.
2. Leveraged buy-outs when a significant loss of jobs from the Commonwealth is at stake.
3. Second mortgages—conventional or with an industrial revenue bond for plant expansion or new production facilities.
4. Government guaranteed loans—various programs: SBA, Farmers Home Administration
5. SBA 503 loans.
6. Long-term loans for new equipment or energy conversion.

Q. *Are lending terms flexible?*

A. Yes; While MBDC often participates with conventional lenders in a financial package plan, it can provide up to 100% financing. Loans are medium to long-term.

Q. *What advantages are offered to businesses borrowing from MBDC?*

A. There are two:

1. MBDC accepts collateral which normally is not acceptable to conventional lenders; and
2. MBDC provides guidance and expertise for businesses seeking financing.

For further information on MBDC, contact:

Massachusetts Business Development Corporation
One Boston Place
Boston, Massachusetts 02108
(617) 723-7515

FACT 8

Massachusetts Community Development Finance Corporation (CDFC)

Q. *Where can businesses in an economically depressed area obtain capital?*

A. CDFC provides capital to entrepreneurs unable to secure financing through conventional funding sources. CDFC's investments must be made in conjunction with community development coporations (CDC's). (CDC's exist in many economically depressed neighborhoods throughout Massachusetts.) Emphasis is on developing sound businesses which will create or retain good-paying jobs and provide other economic benefits to residents in communities served by CDC's.

Q. *What type of funding is available?*

A. Investments are made by CDFC from a $10-million fund provided by the Commonwealth. These investments may take the form of loans and/or equity. The rates and terms of each investment are negotiable.

Q. *How do businesses apply for CDFC financing?*

A. Entrepreneurs wishing to apply should contact CDFC to see if a CDC exists or is being created in their area and whether that area is eligible under CDFC guidelines. A full business plan can then be prepared.

It is important that entrepreneurs have explored conventional sources of financing prior to approaching CDFC with a business proposal.

For further information on CDFC, please contact:

Massachusetts Community Development Finance Corporation (CDFC)
131 State Street
Suite 600
Boston, Massachusetts 02109
(617) 742-0366

FACT 9

Financing and Tax Reductions for Pollution Control Facilities and Alternative Energy Sources

Q. *What financial assistance is available for pollution control facilties?*

A. 1. Industrial revenue bonds are available in unlimited amounts for the construction of pollution control facilities (Industrial waste and air pollution facilities).

2. Loan guarantees are available in negotiable amounts for conventional loans and revenue bonds for the establishment of pollution control facilities.

3. 100% federally-guaranteed tax exempt bonds may be obtained from the Massachusetts Industrial Finance Agency through a new program of the U.S. Small Business Administration.

Revenue bonds and loan guarantees are available through the Massachusetts Industrial Finance Agency (MIFA).

For further information on revenue bonds, loan guarantees, and federally-guaranteed pollution control bonds, contact:

Massachusetts Industrial Finance Agency
125 Pearl Street
Boston, Massachusetts 02110
(617) 451-2477

Q. *What tax reductions are available for pollution control facilities and alternative energy sources (an approved solar or wind powered system or device)?*

A. 1. Exemption from local property tax; (alternative energy sources are excluded for only ten years).

2. Deduction from net income tax.

3. Exclusion from tangible property base.

For further information on tax reductions, contact:

Massachusetts Department of Revenue
Corporations Bureau, Third Floor
215 First Street
Cambridge, Massachusetts 02142
(617) 727-4264

Q. *Who is eligible for financial assistance and tax reductions for pollution control facilities?*

A. A domestic or foreign business corporation whose facility has been certified by the Massachusetts Department of Quality Engineering.

For information concerning certification, contact:

Division of Pollution Control
Massachusetts Department of
Environmental Quality Engineering
110 Tremont Street
Boston, Massachusetts 02202
(617) 727-3855

Q. *Who is eligible for tax reductions for alternative energy sources?*

A. A domestic or foreign business corporation that has prepared an energy study and submitted to:

Division of Capital Planning and Operations
Office of Facilities Management
One Ashburton Place
Boston, Massachusetts 02108
(617) 727-4028

FACT

Factor Allocation Formula

Q. *What is the Factor Allocation Formula?*

A. The Factor Allocation Formula is the method by which Massachusetts calculates its allocated net income for multi-state corporations. The formula includes: 1) payroll; 2) sales; and 3) property. Increases in any of the three factors will result in an increased tax liability.

A 1973 statute, however, established a ceiling on the amount allocated to the payroll factor. It was set at the 1972 payroll level, plus 5% of actual payroll, whichever is greater. This means that Massachusetts has established a ceiling beyond which payrolls are not counted for taxation purposes.

This ceiling also eases the financial burden of new corporations as their allocated payroll starts with 75% of actual payroll.

Further, sales are given twice the weight of property and wages. This provides preferential treatment to corporations with disproportionately high concentrations of payroll and assets in Massachusetts.

Q. *Who is eligible under this preferential treatment?*

A. All multi-state corporations.

The formula would be as follows:

$$\frac{\text{Avg. value of property in Mass.}}{\text{Avg. value of all property}} + 2 \times \frac{\text{Mass. sales}}{\text{Total sales}} + \frac{\text{Mass. payroll}}{\text{Total payroll}} \div 4$$

Q. *Can a corporation carry forward its losses?*

A. Yes, all new corporations may carry forward their losses for five (5) years, terminating on the fifth year.

For further information on the Factor Allocation Formula, contact:

Massachusetts Department of Revenue
Corporations Bureau, Third Floor
215 First Street
Cambridge, Massachusetts 02142
(617) 727-4264

FACT 11

Loss Carry-Over for New Corporations

Q. *How does the Loss Carry-Over work for a new corporation?*

A. If a new corporation sustains losses during its first five years of operation, it may deduct these losses from its taxable income.

The following illustrates an application of the Loss Carry-Over for a five-year period:

	1st yr.	2nd yr.	3rd yr.	4th yr.	5th yr.
Net income (loss)	($100,000)	$25,000	$20,000	$35,000	$50,000
Deduction	—	$25,000	$20,000	$35,000	$20,000
Taxable Income	—	—0—	—0—	—0—	$30,000
Total Income Tax*	$228.00 (minimum)	$228.00	$228.00	$228.00	$ 2,850
Portion of loss carried forward	$99,772	$74,544	$54,316	$19,088	—

Total tax liability without carryforward: $12,578
Total tax liability with carryforward: 3,762
Total taxes saved: $ 8,816

*Corporation may also have a tax liability under property measure of excise tax.

For further information, contact:

Massachusetts Department of Revenue
Corporations Bureau, Third Floor
215 First Street
Cambridge, Massachusetts 02142
(617) 727-4264

FACT 12

Local Tax Exemption on Tangible Property

Q. *What is the Local Tax Exemption for a manufacturing corporation?*

A. Machinery, equipment, furniture and fixtures, tools, supplies, inventory, and goods in process are exempt from local property tax.

Q. *What is the Local Tax Exemption for a non-manufacturing corporation?*

A. Inventory, equipment, furniture and fixtures, tools, supplies, and goods in process are exempt from local property tax. Only machinery would be taxed by the municipality.

Q. *Is there any tax on such property?*

A. Yes. Inventory, machinery, equipment, furniture and fixtures, tools, supplies, and goods in process are subject to a levy at the state level of $2.60 per $1,000 valued at federal adjusted basis.

For further information on the local tax exemption on tangible property, contact:

Massachusetts Department of Revenue
Corporations Bureau, Third Floor
215 First Street
Cambridge, Massachusetts 02142
(617) 727-4264

FACT 13

3% Investment Tax Credit

Q. *What is the 3% Investment Tax Credit?*

A. This is a 3% credit against state excise tax liability on the cost tangible property purchased during the year it is used and situ covered is tangible property rented or leased from local and reg corporations. Unused portions of the tax credit may be carried

Q. *Who is eligible?*

A. Manufacturing corporations, agricultural and commercial fi corporations primarily engaged in research and development.

The following illustrates an application of the 3% investment ta period:

BUILDING, MACHINERY & EQUIPMENT—$2,000,0

	1st yr.	2nd yr.	3rd yr.	
Total Mass. excise tax	14,000.	17,000.	19,000.	
3% Investment Tax Credit	60,000.	46,228.	29,456.	
Adjusted Tax Liability	228. (minimum)	228.	228.	
Tax Savings	13,772.	16,772.	18,772.	
Carried Forward	46,000. for 2nd year	29,000. for 3rd year	10,000. for 4th year	

Total Tax without Credit = $72,000.
Total Tax with Credit = $12,000.
Total Savings = $60,000.

For further information, contact:

Massachusetts Department of Reven
Corporations Bureau, Third Floor
215 First Street
Cambridge, Massachusetts 02142
(617) 727-4264

FACT 4

Sales Tax Exemption for Machinery

Q. *What is a sales tax exemption?*

A. All machinery and replacement parts used by manufacturers and in corporations primarily engaged in research and development are exempt from Massachusetts sales and use taxes.

Q. *Are there any restrictions?*

A. Yes. All exempt items must be used in an industrial plant in the actual manufacture, conversion or processing of tangible personal property to be sold, or for research and development purposes.

For further information on the sales tax exemption, contact:

Sales Excise Bureau
Department of Revenue
100 Cambridge Street
Boston, Massachusetts 02204
(617) 727-4621

ACT 16

Q. *What is the purpose of the TJTC program?*

A. The purpose of this program is to encourage industry to hire people in specified classifications by providing a special federal tax credit to participating employers. Both full time and part time employees may be eligible.

Q. *What is the special tax credit:*

A. The credit is equal to 50% of the first-year wages up to $6,000.00 per employee ($3,000.00); and 25% of second-year wages up to $6,000.00 ($1,500.00). Employment of a person from a target group could bring as much as a $4,500.00 federal tax credit to participating employers. TJTC applies to wages incurred for new employees hired during 1982 (even on the last day of 1982).

Q. *What are the targeted groups for 1982?*

A. There are nine classifications:

1. Vocational rehabilitation referrals.
2. Economically disadvantaged youths (age 18-24).
3. Economically disadvantaged veterans.
4. Supplemental Security Income (SSI) recipients.
5. General assistance recipients.
6. Youth participating in qualified cooperative education programs (age 16-19).
7. Economically disadvantaged ex-convicts.
8. Eligible work incentive (WIN) employees—(AFDC).
9. Involuntarily terminated CETA employees.

Q. *How does an employer participate in the program?*

A. 1) The employer must *request or receive* a certification for the applicant from the local Massachusetts Division of Employment Security Job Matching Center for eligibility determination. A request for certification must be made in writing at least one day (postmarked) before a person starts work. If eligible, the Center will provide a TJTC certification to the applicant for the employer to complete and return. Within 72 hours, the Center will send a TJTC Certification which the employer and employee will sign. The Certification serves as the basis for completing the special IRS tax credit form that is attached to the employer's federal tax return at the end of the year.

2) Pre-vouchered applicants may also seek their own employment under this program, and are available to employers for immediate hire and valid tax credit.

3) Young persons in a cooperative education program would be certified by their respective school.

For further information or assistance, contact the Local D.E.S. Job Matching Center or call toll free:

1-800-392-6209

In the Boston area: (617) 727-6651

ACT 7

Q. *Does Massachusetts tax export sales, or sales to a Domestic International Sales Corporation (DISC)?*

A. Export sales of tangible personal property are not included in sales for tax purposes. Massachusetts does not tax tangible personal property shipped to a purchaser in a foreign country, sales to the U.S. Government for resale to a foreign government, nor sales by a corporation to its wholly-owned DISC.

This change in the treatment of export sales applies to taxable years ending on or after December 31, 1978.

Q. *Who is eligible?*

A. Multi-state and multi-national corporations.

For further information, contact:

Massachusetts Department of Revenue
Corporations Bureau, Third Floor
215 First Street
Cambridge, Massachusetts 02142
(617) 727-4264

ACT 18

Bay State Skills Corporation (BSSC)

Q. *What is the purpose of the BSSC?*

A. The purpose of the BSSC is to help fund training programs for high demand occupations in Massachusetts. This will give employers an opportunity to hire people trained on up-to-date equipment at half the usual cost.

Q. *Who is eligible for the funding?*

A. Any private business who contributes at least 50% to a training program; the other 50% is paid for by the state. The contributions from the private sector include cash, equipment, instructors and other components that would help make up a good, strong training program.

Q. *Who can qualify for training?*

A. The general public in Massachusetts.

Q. *Where does training take place?*

A. At existing schools, colleges and universities, and training centers in Massachusetts.

Q. *How do employers or educational institutions apply for funding?*

A. Call BSSC and ask to be sent a Request for Proposal, then arrange to meet the staff to discuss the idea.

For further assistance, contact:

Bay State Skills Corporation
One Ashburton Place
Boston, Massachusetts 02108
(617) 727-5431

FACT 9

The Department of Manpower Development (DMD)

Q. *What is the Massachusetts Department of Manpower Development (DMD)?*

A. The Department of Manpower Development (DMD), established within the Executive Office of Economic Affairs, addresses issues related to employment and training in the Commonwealth. The primary role of DMD is statewide coordination and administration of employment and employability development programs funded under the Comprehensive Employment and Training Act (CETA). The Department designs and directs strategies for serving industry's need for skilled workers while providing expanded job opportunities for the state's unemployed, under employed, and economically disadvantaged population.

Q. *What resources/services are available to employers?*

A. DMD can assist business in gaining access to (1) trained personnel; (2) training subsidies, (3) training facilities and (4) tax abatements.

(1) Trained Personnel

By calling DMD, an employer can gain access to statewide information on employment and training activities. DMD will assist in facilitating an employer match with available training opportunities and personnel.

(2) Training Services

The following subsidies are available:

- Contract training provides for cost associated with training, including space, equipment, supplies and instructors.
- Assistance in developing industry and on employer specific skills training curriculum.
- On-the-job training reimburses the employer for as much as 50% of the new employees wages during training.

(3) Training Facilities

There are eleven (11) CETA Prime Sponsors statewide who offer a wide range of skills training programs. An annual statewide inventory is compiled and is available to employers upon request.

(4) Tax Abatements

DES, through the Targeted Jobs Tax Credit (TJTC) program, can assist businesses in qualifying for a federal tax credit for 50% of the first years wages (up to $3,000) and 25% of the second year's wages (up to $1,500) for each eligible employee hired.

(OVER)

ACT

Massachusetts Community Economic Development Assistance Corporation (CEDAC)

Q. *What is the Massachusetts Community Economic Development Assistance Corporation (CEDAC)?*

A. CEDAC is a quasi-public agency that promotes the participation of community-based non-profit organizations, such as community development corporations, in the process of developing economically depressed neighborhoods and communities.

Q. *What kind of assistance is available?*

A. CEDAC is able to provide technical assistance that involves a broad range of expertise including:

1. organizational development
2. financial planning and packaging
3. market research
4. management training
5. legal advice
6. grantsmanship advice

For further information on CEDAC, contact:

Massachusetts Community Economic Development Assistance Corporation
27 School Street, Suite 500
Boston, Massachusetts 02108
(617) 727-0506

ACT 21

Site Inventory Tracking Exchange (S.I.T.E.)

Q. *What is the purpose of the S.I.T.E. program?*

A. The purpose of the S.I.T.E. program is to bring together state and local economic development agencies in a joint effort of service delivery to both in-state and out-of-state firms seeking to locate, start-up, or expand in Massachusetts.

Q. *What is the S.I.T.E. program?*

A. S.I.T.E. is a newly-developed state program that serves as liaison between local economic development agencies and clients. It maintains a computerized listing of available industrial land and space throughout the Commonwealth. Accompanying the listing will be a comprehensive printout of site attributes, in addition to a video presentation of the site itself.

Q. *How does the economic agency/realtor/owner participate in the program?*

A. Prior to participating in the program, he/she must agree in writing to the memorandum set forth in the S.I.T.E. procedural booklet. The next step is to submit all information relating to the industrial site or space on the appropriate S.I.T.E. questionnaire form and include related materials (e.g. color slides, maps, brochures, etc.) as stated in the S.I.T.E. booklet.

Q. *Are there minimum listing requirements?*

A. Yes. Minimum listing requirements are defined as follows:

A) Land—minimum 5 acres.

B) Space—minimum 10,000 sq. ft.

The minimum requirements on land and buildings *do not apply* to urban areas.

Q. *Is there any cost involved?*

A. No. Although the S.I.T.E. system can only be accessed through state and local economic development agencies, groups, etc., owners/realtors can submit listings and have them entered into the system at no cost.

For further information, contact:

S.I.T.E. Program
Mass. Dept. of Commerce
100 Cambridge Street
Boston, Massachusetts 02202
(617) 727-2932

FACT 22

Massachusetts Small Business Development Center (MSBDC)

Q. *What is the Massachusetts Small Business Development Center?*

A. The MSBDC is a program funded by the U.S. Small Business Administration and the Massachusetts Department of Commerce and Development to provide comprehensive small business management and technical assistance to the small business community.

Q. *What kind of assistance is available?*

A. The MSBDC provides business counseling, marketing research, business planning and financial analysis through professional counselors who have access to the resources of participating universities and colleges as well as the expertise of specialized consultants.

Q. *Does MSBDC provide educational opportunities?*

A. Yes. The MSBDC provides long-term courses and one-day workshops on subject areas of interest to the small business person or prospective small business owners.

Q. *Where are the MSBDC's located?*

A. The MSBDC is coordinated from a central unit at the University of Massachusetts Center for Economic Development in Amherst. Presently there are two regional service centers. The Western Massachusetts SBDC is located in Springfield and services small businesses in Berkshire, Hampden, Hampshire and Franklin counties. The Metro Boston SBCD is situated in Chestnut Hill, adjacent to the Boston College Campus. In addition, three new centers are in the planning stages for central, northeastern and southeastern Massachusetts.

Q. *Who is eligible?*

A. Eligibility for MSBDC is essentially the same as that required for other U.S. Small Business Administration programs.

For further information and assistance, contact:

Small Business Development Center
School of Business Administration
University of Massachusetts
Amherst, Massachusetts 01003
(413) 549-4930, Extension 303

Western Massachusetts Region
Small Business Development Center
101 State Street—Suite 216
Springfield, Massachusetts 01103
(413) 737-6712
Merwin Tober, Director

Metropolitan Boston Region
Small Business Development Center
96 College Road
Chestnut Hill, Massachusetts 02167
(617) 969-0100, Extension 4091
John McKiernan, Director

FACT 23

Massachusetts Small Business Purchasing Program

Q. *What is the purpose of this program?*

A. The purpose of this program is to promote full participation of citizens and businesses in the purchasing process of the Commonwealth. It is to stimulate small business development by reducing some of the major hindrances to small business participation in State purchasing, thereby promoting competition in the purchasing process of the Commonwealth.

Q. *How is this to be accomplished?*

A. Not less than five per cent (5%) of the aggregate amount of all State purchases to which this program applies will be placed into a special program whereby only certified Massachusetts based small businesses will be eligible to bid.

Q. *What purchases does this program apply to?*

A. Excluding construction and those purchases made under MGL c. 149 ss. 44A-44L and MGL c. 39, the Secretary of Administration and Finance shall recommend purchases of goods and services which can be placed into the program. At this time all goods and services except those mentioned above and those of a monopolistic nature such as gas and electricity, will be included.

Q. *What are the criteria for certification?*

A. **1.** The small business must be independently owned and operated.

2. Have its principal place of business in Massachusetts.

3. It must not be dominant in its field of operation and is not a corporation which is a member of an affiliated group.

4. Depending on your business classification the following requirements must be met.

a. A manufacturing firm must have less than 50 persons and have less than $6 million in total gross receipts for the preceding three fiscal years.

b. A wholesale business must employ less than 20 persons and have less than $6 million in total gross receipts for the preceding three fiscal years.

c. A retail business must employ less than 20 persons and have less than $1.5 million in gross receipts for the previous three fiscal years.

d. If the business is in the transportation, communication, electric, gas, or sanitary industries it must have less than 50 employees and less than $3 million in total gross receipts for the previous three fiscal years.

Q. *How do you certify?*

A. You can obtain certification forms and further information from:

Small Business Assistance Division
Massachusetts Department of Commerce
100 Cambridge Street
Boston, Massachusetts 02202
(617) 727-4005